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*Office Memorandum* • UNITED STATES GOVERNMENT

TO : Mr. Robert Amory, Jr.

DATE: 24 March 1952

FROM : [REDACTED] 25X1A9a

SUBJECT: Division of Responsibility Between ORR and OIR

1. In response to your question at the staff meeting this morning, I have gathered together all the available background material relating to the division of responsibility between ORR and OIR in State. You will remember that this inquiry was prompted by some comments made by Mose Harvey of State regarding the role of OIR in the preparation of an intelligence analysis of the Soviet budget. Harvey contended that this subject was primarily a State Department responsibility.

2. I have arranged a series of papers on this subject in chronological order:

a. The conversation memorandum of 19 December 1950 involving Jackson, Reber, et al was so crude and preliminary and it has been so radically changed by subsequent developments that I would be somewhat inclined to disregard it.

b. The undated letter to Mr. Parke Armstrong from Mr. Jackson which was written in the early part of 1951, very obviously fails to consider the division of responsibility in the economic intelligence field. The only subjects covered are political cultural and sociological.

c. The undated letter from General Smith to the Secretary of State written in the early part of 1951, indicates in the third paragraph that the subject of economic intelligence activities was being considered in a CIA survey. It was this survey which recommended the establishment of the Economic Intelligence Committee and which concluded (at least by implication) that no a priori delineation of responsibility should be worked out in the economic intelligence field but that these matters should be subject to continuing discussion and negotiation.

d. I have included NSCID 15 because this states, at least in general terms, the responsibilities of CIA for the "coordination and production of foreign economic intelligence". You will note that only paragraph four refers explicitly to the research responsibilities of CIA as/to the surveillance and recommendation function in  
opposed


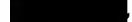
paragraph one, the coordination function in paragraph two, and the evaluation and recommendation function in paragraph three. While some research activity could undoubtedly be implied in these three points, it is not explicitly mentioned. Paragraph four states, in effect, that we are to supplement production of other agencies and to fulfill the requests of the IAC. This has been interpreted by CIA,

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as I understand it (and you better check this with Max) that the need to supplement the activities of other agencies in the foreign economic intelligence field is most obvious in the field of economic intelligence on the Soviet Bloc and it is in this field that ORR has devoted most of its attention.

e. Now as to the division of responsibility for production of economic intelligence on the Soviet Bloc with the Department of State, I think the clearest statement is found in Max's report entitled, "The Role of ORR in Economic Intelligence", which I presume you have read. After reading this report, Alan Evans, Director of OIR, prepared his letter of 27 September 1951. In the fourth paragraph of his letter he makes certain suggestions for the division of responsibility between ORR and OIR. I will not attempt to brief them here ~~has~~ his letter is attached. You should know, however, that this letter prompted discussions between Max and Evans on the 1st of November 1951. There is no information in the files to indicate the outcome of these discussions and my recollection is that, aside from agreeing that ORR would confine its research activities pretty much to the Soviet Bloc and would rely on State and other agencies for intelligence on other areas, I don't believe there is very much in the way of a definite agreement. Again, I suggest that Max be consulted on this. On the general issues involved you will find  memorandum of 20 October 1951 and some notes from Mr.  of interest.

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3. To return to the specific issue which prompted this investigation i.e., Moss Harvey's comments, I don't believe we have any cause for alarm. On pages five and six of the minutes of the meeting at which Mr. Harvey spoke you will note that he said "... we in OIR have always ~~exercised~~ primary responsibility for budget analysis..." This is probably true. To my knowledge, within the US Government most of the detailed analysis on this subject has been done by OIR. In addition, of course, there is some work being done outside the Government. I have some serious doubts as to whether, we at this time, are prepared to ~~see~~ <sup>suggest</sup> that this primary responsibility should be transferred to CIA. Since Mr. Harvey was speaking in the past tense it seems to me that the matter is still open for negotiation at such time as we are prepared to re-open the question.

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